

quotation of the rouble on the exchange market was 330 francs in 1876, or seventeen and a half per cent, below par, when the menace of war with Turkey and of new Issues of paper money carried it down in 1877 as low as 234 francs, or a loss of more than 41 per cent.<sup>1</sup>

The new paper issues which were feared soon became a reality, in order to maintain the armies in the field. The circulation had risen on December 31, 1874, to 797,313,500 roubles and the metallic reserve had increased to 231,227,000 roubles. The circulation was reduced during the next two years until it stood on July 1, 1876, at 693,000,000 roubles. The issue of bills of credit on account of the war was 491,000,000 roubles and the net circulation on December 18, 1878, was 1,103,280,185 roubles. A supplementary issue of 96,000,000 roubles in 1879, with the famine and arrest of exports, caused a crisis in 1880 which reduced the revenues of the government and the railway receipts, in spite of high paper prices, and caused the rapid fall of the coin value of the rouble. The change of ministry which resulted from the crisis brought into power M. Abasa, who at once announced a plan for reimbursing the debt of the government to the bank. A ukase of January 1, 1881, ordered that the Treasury pay to the bank without delay a sum sufficient to reduce to 400,000,000 roubles the debt to the bank on account of disbursements for the government; that the remainder of the debt (400,000,000 roubles) be funded by annual payments of 50,000,000 roubles by the Treasury to the bank; that bills of credit be destroyed to the extent of their accumulation in the hands of the bank and with due regard to the needs of the circulation. The first part of this programme had hardly been carried out when M. Abasa was replaced as Minister of Finance by M. Bunge. The rigid policy of reform which had been inaugurated was somewhat relaxed and the bills paid into the bank were kept on hand and subsequently re-issued, instead of destroyed.<sup>2</sup> The circulation

<sup>1</sup>Winiarski, 59-60.

<sup>2</sup>M. Witte, who was later Minister of Finance, has been subjected to criticism for employing 92,700,000 roubles (f71,000,000), paid into